

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Office of Conservation and Coastal Lands
Honolulu, Hawaii

File No.: OA-1947

September 22, 2006

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

REGARDING: Enforcement Action and Request to Modify Conditions of Conservation District Use Permit OA-1947 Regarding the Koolau Golf Course (formally Minami Golf Course)

PERMITTEE: First Presbyterian Church of Honolulu
C/o Peter Starn
Starn O'toole Marcus Fisher
Pacific Guardian Center, Makai Tower
733 Bishop Street, Suite 1900
Honolulu, Hawaii 96813

LANDOWNER: Same

LOCATION/ Kaneohe, Oahu
TMKs: 4-5-42:01 & 4-5-42:06

SUBZONE: General/Resource

BACKGROUND:

On March 13, 1987 the Board of Land and Natural Resources (BLNR) approved CDUA OA-1947 for the Minami Golf Course (subsequently named Koolau Golf Course) at Kaneohe, Oahu, subject to 46 conditions (**Exhibit 1**). The golf course was completed in 1991 and opened for play in 1992. In 1994, Minami's lenders filed a foreclosure action against Minami due to Minami's default on its construction loan. In 1996, a foreclosure commissioner was appointed to sell the property on behalf of Minami's lenders. Koolau Golf Partners (KGP) acquired the property from the foreclosure commissioner on January 30, 1998. The First Presbyterian Church of Honolulu (FPC) acquired the property on August 10, 2006 and they are the current owners¹.

¹ FPC, as the new owner of Koolau Golf Course, is obligated to comply with all applicable conditions under CDUA OA-1947 as amended. This is because CDUPs run with the land, not necessarily the landowner. Closure of this matter will involve the recordation of the amended conditions with the Bureau of Conveyances and staff will likely include a

FPC acquired two properties that comprise the golf course, clubhouse and surrounding undeveloped lands. These lands were all part of the original CDUP. FPC only wished to retain the lands covering the golf course and clubhouse, not the surrounding undeveloped land. FPC thus plans to convey the undeveloped lands back to KGP. Before the land can be conveyed, parcels must be reconfigured such that one (1) parcel contains all of the improvements including the clubhouse and golf course to be retained by FPC. The remaining undeveloped land, to be included in a separate parcel, would be conveyed to KGP.

On August 30, 2005, KGP submitted a request for a consolidation/resubdivision to perfect the partition, but this application was rejected. The reason the CDUA was rejected was because during OCCL's internal review of the proposed partition, it appeared that there remained several outstanding issues and potential violations of the original permit conditions under CDUP 1947 as amended. Because of this, OCCL was not able to continue the processing of the CDUA for the partition. Section 13-5-6 of the Hawaii Administrative Rules states that "No permit shall be processed by the department until any violation pending against the parcel are resolved." A discussion of these issues is provided below:

Obligations to the Minami Foundation

In 1991 the former owner (Minami Group (USA), Inc.) received a time extension from the BLNR to complete construction of the golf course. The title of the document reads as follows "Declaration of Conditions to Granting of Permit Extension," or "Declaration" for purposes of this staff report. The extension was granted by the BLNR subject to new and restated conditions. One major change from the original permit was a requirement that Minami create a community benefit foundation, the Minami Community Foundation, and fund it with proceeds generated by golfing fees (**Exhibit 2**).

In 1994, Minami's lenders filed a foreclosure suit against Minami due to Minami's default on its construction loan. The lenders alleged that certain conditions of the Declaration were invalid and that its mortgage had priority over any of the Foundation's interest in the property. In April 1996 the BLNR approved a settlement agreement that changed Minami's obligations to the Foundation². The settlement agreement was set forth by the BLNR as a further amendment to the CDUP. The title of this document reads "First Amendment of Declaration of Conditions to Granting of Permit Extension", or "First Amended CDUP". It is attached as **Exhibit 3**.

condition that affirms that FPC will comply with the amended conditions of CDUP OA-1947.

² Minami also changed its name to KMI at that time.

The First Amended CDUP essentially provided any prospective purchaser of the Koolau Golf Course with the option of a "buy-out" of the "fees paid per round" as established by the Declaration. Amongst other things, the "Option Amount" permitted a buyer to reduce the paid per round fee from the schedule listed in the Extended CDUP to \$1.00 per round, subject to a lump sum payment. The lump sum payment was contingent on the purchase price of the golf course. For instance, since the Koolau Golf Course sold for less than \$26,000,000 (See Exhibit 3, Condition 5a), the Option Amount was \$500,000.

Koolau Golf Partners (KGP) acquired the property from the foreclosure commissioner on January 30, 1998, so KGP was required to comply with the conditions of the First Amended CDUP. KGP owned the golf course until its recent sale to FPC. In order to complete the conveyance process with FPC, KGP approached OCCL with a request for a consolidation and resubdivision. When OCCL reviewed the various terms and conditions of the Declaration and First Amended CDUPs, OCCL questioned whether several conditions had been satisfied.

OCCL staff contacted the "Foundation" to seek clarification whether all payments by KGP required under the Declaration and First Amended CDUP to the Foundation were current. They were not. Staff convened a meeting between KGP and the Foundation to try to ascertain what financial obligations had not been satisfied, and whether or not these requirements could be satisfied by the execution of an agreement.

By settlement letter dated August 10, 2006, Mr. Henry Iida, President of the Foundation stated that all obligations owed to it by KGP under the CDUP had been fully performed and executed and that after execution of the settlement the sole remaining prospective obligation owed to the Foundation by KGP is the payment of \$1.00 per round played at the golf course (**Exhibit 4**)³.

Water Quality Monitoring & Mitigating Environmental Measures

CDUP OA-1947 required periodic water quality monitoring to insure the protection of ground water, the wildlife refuge at Hoomaluhia and down stream areas including Kaneohe Bay. These requirements were restated in the Declaration and First Amended CDUP. These conditions necessitated the implementation of certain environmental management practices including periodic checking of retention and settling basins, use of appropriate fertilizers and pesticides, and monitoring of water quality in Kamooalii and Hooleinaiwa Streams. The amended and restated conditions required water quality sampling and testing within one year after the sale of the property.

³ In a phone conversation with Mr. Iida on September 8, 2006, staff confirmed that all payments stipulated under the agreement had been made by KGP to the Foundation.

It appears that KGP may have breached the requirement for water quality monitoring, since they did not conduct sampling within one year of their purchase of the property. The Department has no record of receiving any water quality test results after KGP acquired the property, except until recently. Limited water quality sampling was performed at Koolau Golf in November 2005 and January 2006.

KGP retained INALAB, Inc. to conduct this work. KGP submitted a report to OCCL on June 13, 2006 that provides an overview of the survey results with INALAB's findings attached. This information has been attached as **Exhibit 5**. In addition to this report, BA Environmental prepared a limited water quality sampling report on behalf of FPC. The goal of these samplings was to assess surface runoff from the golf course site flowing into the Kamooalii and Hooleinaiwa Stream for potential pesticides, herbicides, and fertilizers. [Note: The Kamooalii Stream flows into Loko Waimaluhia Reservoir, located in Hoomaluhia Park. From there Kamooalii Stream flows into Kaneohe Bay.] Both reports conclude, that there appears to be no pesticide contamination from the subject property in the Kamooalii or Hooleinaiwa Streams. In addition, it appears that the nitrate/nitrite concentrations in the streams are background levels only (naturally occurring).

Staff notes that American Golf Corporation (AGC) has managed the Koolau Golf Course since it was acquired by KGP in 1998. According to counsel for KGP, AGC implemented measures to minimize runoff of fertilizers and pesticides from the golf course as required by and in accordance with the CDUP, which requires periodic checking and maintenance of the retention and settling basins of the golf course, use of slow release nitrogen fertilizers, and the use of friendly pesticides (See **Exhibit 5, Page 10, "AGC Actions"**). It is staff's understanding that AGC has also been retained by FPC to continue management of the course. FPC has submitted a prospective "Environmental Compliance Protocol" that includes water quality sampling and proper use of pesticides and herbicides (**Exhibit 6**).

Stream Flows

Condition 13 of the Declaration and First Amended CDUP required KGP to conduct a test of the impacts on stream flows caused by the irrigation well. The Department has no record of receiving any such tests results after KGP acquired the property.

KGP's representatives note that monthly water use reports for water drawn from irrigation wells have been regularly submitted by AGC to the Commission on Water Resources Management (CWRM) as required under their existing Water Use Permit (WUP No. 748) regarding well Nos. 2347-02 & 3.

Runoff Study

Condition 12 of the Declaration and First Amended CDUP required the Foundation to conduct a study of the effects of runoff on Kaneohe Bay at a cost of no more than \$20,000. It is staff's understanding that the Foundation believes that the study was done by the Hawaii Institute of Marine Biology (HIMB), but that results were never provided. It is staff's understanding that the Foundation is following-up with HIMB to try to get a copy of a report.

DISCUSSION:

Obligations to the Minami Foundation

Due to the complexity of these issues, staff consulted with the Department of the Attorney General (Deputy AG). Staff asked the Deputy AG whether the Foundation's settlement agreement satisfied financial obligations under the Declaration and First Amended CDUP. The Deputy AG did not appear to have any major questions regarding the situation and suggested a few minor actions to clarify the situation.

Based on the settlement letter, it appears that the parties exercised the "Option Amount" stipulated under paragraph 5a of the First Amended CDUP, paying the Foundation \$500,000⁴. The settlement agreement stipulates that the Option Amount shall have been deemed exercised on January 30, 1998⁵. Another \$500,000 is to be paid to the Foundation that includes a fee for rounds of golf played, plus interest, up until December 31, 2005. In addition, KGP agreed to make a charitable contribution to the foundation in the amount of \$300,000. In a phone conversation with Mr. Iida on September 8, 2006, staff confirmed that all payments stipulated under the agreement had been made by KGP to the Foundation.

Thus, it appears that financial obligations to the Foundation have been satisfied under the Declaration and First Amended CDUP. The only change that needs to be made with respect to the conditions of the First Amended CDUP is that condition eight (8) should be deleted. This is because condition eight (8) stipulated that "If the obligation to pay a share of the green fees imposed by condition 4 of the Declaration is not liquidated by payment of the Option Amount under paragraphs (5) or (6) above (see First Amended CDUP), on or before the date of closing of any Third Party Sale, it shall remain effective as provided in said condition 4 of the Declaration. The Option Amount was not actually liquidated before the closing date of a "Third Party Sale", which would have been KGP

⁴ Koolau Golf Course sold for much less than \$26,000,000 in 1998.

⁵ If the Option was not exercised, KGP would have been required to pay the Foundation in accordance with condition four (4) of the Declaration.

in 1998, but was only liquidated recently per the "settlement agreement"⁶. The Board could correct this situation by deleting condition eight (8). Staff believes that the past failure of KGP to be current on payments to the Foundation constitutes a breach of the Declaration and the First Amended CDUP. Staff recommends a fine of \$2,000.

Water Quality Monitoring & Mitigating Environmental Measures

KGP argues "Any inadvertent failure by KGP to comply with periodic testing requirements from 1998 to 2005 is nonetheless ultimately mitigated by the results from the above tests. In other words, although the results were not periodically recorded, the current tests results establish that KGP's activities have not had an adverse impact on water quality levels in the Kamooalii and Hooleinaiwa streams, therefore fulfilling the primary purpose of Condition 2" (*this is actually condition 14 of the Declaration and First Amended CDUP, not Condition 2*).

While staff is grateful that KGP's representatives and FPC conducted the more recent testing to insure the DLNR that the golf course was not having an adverse impact on the streams (and therefore Hoomaluhia Park and Kaneohe Bay), we do not know for sure whether impacts occurred prior to these studies and following KGP's acquisition of the golf course in 1998, because the required studies were not conducted. Staff believes that this constitutes a breach of the Declaration and the First Amended CDUP. Staff recommends a fine of \$2,000.

Stream Flows

Representatives for KGP note that they are not aware of any impacts from stream flows caused by the pumping of the irrigation wells at Koolau Golf Course. They note, "It is unclear how stream flows in the Hooleinaiwa and Kamooalii Streams, which are believed to be sourced primarily if not exclusively by the consistent heavy precipitation in the area, are necessarily vulnerable to pumping from wells drawing from underground aquifers." They further note that Hooleinaiwa Stream only flows during periods of high rainfall and is often dry during much of the year. They indicate that AGC has been submitting monthly reports to CWRM for the well pumping pursuant to their existing well pumping permits and that due to the areas substantial amount of rainfall, pumping of the wells has been relatively minimal.

Staff was unable to identify any specific reference to the requirement (other than the condition itself) for a study of well pumping on stream flows, and must conclude that this condition was an outgrowth of concerns raised by the community in 1991. There is a technical report that discusses the "Effect of Groundwater Withdrawals on Stream Flows" included in the original EIS for the

⁶ When KGP acquired the golf course in 1998 they gave management responsibility to AGC. Some of the obligations stipulated by the First Amended CDUP appear to have fallen through the cracks.

project, dated 1986. The report states that "Measurements indicate that most of the base flow (taken as the 90 percentile flow) of the streams originates as groundwater seepage between elevations of about 100 and 200 feet. Higher elevations account for 10 percent or less of the total." The report even provides estimates for "dry weather" flows that are estimates of ground water seepage for Kamooalii Stream at various elevations:

<u>Elevation (ft.)</u>	<u>Percent of Base Flow</u>
400	5 to 10
300	10
200	27
150	52
100	90

CWRM indicates that the subject wells that service Koolau Golf Course are located at around 250 feet MSL. Thus it would appear that groundwater could be a component of flows within Kamooalii Stream.

Based on this information, staff believes that a study of the effects of pumping on stream flows should have been conducted. Staff believes that this constitutes a breach of the Declaration and the First Amended CDUP. Staff recommends a fine of \$2,000.

CONCLUSIONS

The "Settlement Agreement" between KGP and the Minami Community Foundation is not binding upon the Department. The Department is not a party to the Settlement Agreement. The Settlement Agreement assures the Department that the owners of the golf course are meeting their obligations under the Declaration and First Amended CDUP. The only interest that KGP has in the property that staff is aware of is a license agreement with FPH in residual lands that would be created as a result of a consolidation resubdivision, and such lands would be retained by KGP in such case. KGP wishes to be released from any obligations under the CDUP. Staff would evaluate this matter when the request for consolidation and resubdivision is presented to the Department.

FPC is the current owner of Koolau Golf Course. Staff has been in contact with FPC throughout the year and staff believes that FPC was aware of and accepts responsibility for correcting KGP's oversights. Should FPC and the BLNR agree to the content, terms and conditions of this staff report, and further execute the conditions of this approval by payment of fines, administrative costs, implementation of recommended environmental compliance protocol, payment of additional fees to

the Foundation, and recordation of these conditions in the Bureau of Conveyances, then FPC will have been deemed to be in compliance with CDUP OA-1947. The OCCL will then be able to process a consolidation/resubdivision so that ownership of the golf course can be partitioned from the remaining undeveloped lands.

Based on the preceding analysis, staff recommends as follows:

RECOMMENDATION:

VIOLATION

That the Board of Land and Natural Resources find that during that period of time that KGP owned the golf course, the permittee was in violation of conditions imposed under CDUP OA-1947 as amended, or more specifically articulated in the First Amendment of Declaration of Conditions to Granting of Permit Extension "Declaration", and is subject to the following:

That during that period of time that KGP owned the golf course, the permittee violated the provisions of Chapter 183C, Hawaii Revised Statutes (HRS), and Chapter 13-5, Hawaii Administrative Rules (HAR), in three instances for failing to abide by conditions of a CDUP. The permittee is fined a total of **\$6,000.00**:

1. That the permittee is fined an additional **\$1000.00** for administrative costs associated with the subject violations;
2. That the permittee shall pay all fines (total **\$7,000.00**) within thirty (30) days of the date of the Board's action;

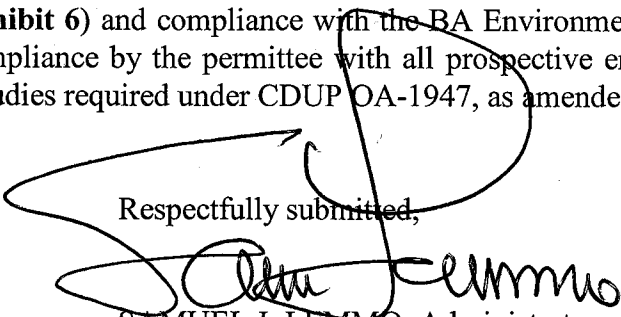
MODIFICATIONS

That the Board of Land and Natural Resources approve the following modifications to conditions imposed under CDUP OA-1947 as amended, or more specifically articulated in the First Amendment of Declaration of Conditions to Granting of Permit Extension "Declaration":

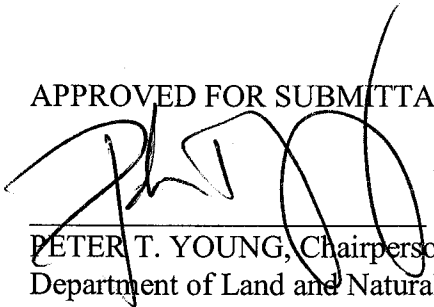
1. Condition eight (8) is deleted;
2. The permittee shall provide documentation (i.e. book/page document number) that this approval has been placed in recordable form as a part of the deed instrument;

3. The permittee shall implement the environmental compliance protocol recommended by BA Environmental (**Exhibit 6**) and compliance with the BA Environmental protocol shall constitute full compliance by the permittee with all prospective environmental testing, sampling and studies required under CDUP OA-1947, as amended."

Respectfully submitted,


SAMUEL J. LEMMO, Administrator

APPROVED FOR SUBMITTAL:


PETER T. YOUNG, Chairperson
Department of Land and Natural Resources

JOHN WAINES
GOVERNOR OF HAWAII



MAR 23

WILLIAM W. PATT, CHAIRMAN
BOARD OF LAND AND NATURAL RESOURCES

LIBERT E. LANDGRAF
DEPUTY

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
P. O. BOX 821
HONOLULU, HAWAII 96808

AQUACULTURE DEVELOPMENT
PROGRAM
AQUATIC RESOURCES
CONSERVATION AND
ENVIRONMENTAL AFFAIRS
CONSERVATION AND
RESOURCES ENFORCEMENT
CONVEYANCES
FORESTRY AND WILDLIFE
LAND MANAGEMENT
STATE PARKS
WATER AND LAND DEVELOPMENT

FILE NO.: OA-8/13/86-1947
180-Day Exp. Date: 3/27/87
DOCUMENT NO.: 2717B

MAR 18 1987

Mr. Robin Oura, Project Manager
LANDPRO
800 South Beretania St., 3rd Floor
Honolulu, Hawaii 96813

Dear Mr. Oura:

Conservation District Use Application for
a Golf Course with Accessory Uses
at Koolaupoko, Oahu, Hawaii

We are pleased to inform you that your Conservation District Use Application for a golf course with accessory uses at Koolaupoko, Oahu was approved on March 13, 1987 subject to the following conditions:

1. The applicant shall comply with all applicable statutes, ordinances, rules and regulations of the Federal, State and County governments, and applicable parts of Section 13-2-21, Administrative Rules, as amended;
2. The applicant, its successors and assigns, shall indemnify and hold the State of Hawaii harmless from and against any loss, liability, claim or demand for property damage, personal injury and death arising out of any act or omission of the applicant, its successors, assigns, officers, employees, contractors and agents under this permit or relating to or connected with the granting of this permit;
3. If any unanticipated sites or remains of historic or prehistoric interest (such as shell, bone or charcoal deposits, human burials, rock or coral alignments, paving, or walls) are encountered during construction, the applicant shall stop work and contact the Historic Preservation Office at 548-7460 or 548-6408 immediately

EXHIBIT 1

4. The applicant shall comply with all applicable Public Health Regulations;
5. Any construction, alteration, moving, demolition and repair of any building or other improvements on lands within the Conservation District, authorized by the Board, shall be subject to the building codes of the respective counties in which the lands are located; provided that prior to the commencement of any construction, alteration, or repair of any building, or other improvement four (4) copies each of the final location map, plans, and specifications shall be submitted to the Chairperson, or his authorized representative, for approval of which three (3) copies will be returned;
6. Any work or construction to be done on the land shall be initiated within one (1) year of the approval of such use, and all work and construction must be completed within three (3) years of the approval of such use. Failure to comply with this condition shall render this application null and void;
7. During construction of the project, the applicant monitor the sediment load/erosion runoff from the project into the Hoomaluhia Park reservoir and take whatever means necessary to minimize any increased sedimentation of Hoomaluhia Park reservoir, including, if necessary, the removal of silt from the park reservoir;
8. The applicant conduct periodic water quality monitor before, during, and after construction and take the necessary measures to insure that the fertilizer and pesticide runoff from the project site do not have an adverse effect on the wildlife refuge in Hoomaluhia Park
 - a. That the applicant comply with the four mitigating measures as specified on pages 78-79 of the Final EIS as additional conditions, with the results of the monitoring forwarded to this Department;
9. The applicant work with and secure the approval from, the Board of Water Supply and other applicable agencies in developing the various water requirement needs for the proposed project;

10. The applicant avoid the 4 sites and 4 possible sites. If the applicant should wish to consider using these areas in the future, further archaeological work must take place to evaluate site significance and acceptable mitigation plans must be prepared and executed, with these steps to be reviewed and approved by the Historic Sites Section (see pages 82-83 of FEIS items 1 thru 3);
11. During initial land clearing and bulldozing for golf course construction, a professional archaeological monitor will be present on an intermittent basis to observe the subsurface conditions in areas, specified in the report (App. D, p. 40, Item 4), which might contain some subsurface archaeological remains. A report documenting the findings shall be submitted to the Historic Sites Section;
 - a. That the applicant submit a monitoring plan to this Department for approval prior to the proposed landclearing and bulldozing;
12. The proposed clubhouse be constructed at alternative site 3 (the former Knowles residence) as identified on page 113 of FEIS;
13. That the applicant develop landscaping and design plans for the clubhouse, acceptable to this Department, which would minimize the visual impact of the facility from Nuuanu Pali Lookout;
14. The applicant consult with the City and County Department of Parks and Recreation in developing lighting configuration and noise abatement measures for night operation at the clubhouse facility which would minimize impacts on night users of Hoomaluhia Park;
15. Within one year after the opening of the proposed facility, the applicant shall complete a study to assess both the need for public play and the economic feasibility for some form of limited public play at that facility. The study shall be in a form and content satisfactory to this Department and a copy of the finished report shall be forwarded to this Department. If the study determines that a form of limited public play is feasible, the applicant shall establish a program and rules for limited public play within one year thereafter; and

Mr. Robin Oura

- 4 -

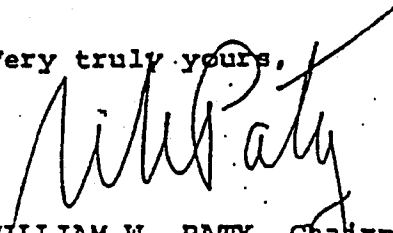
OA-1947

16. Other terms and conditions as prescribed by the Chairperson.

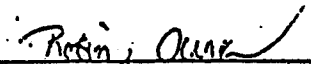
Please acknowledge receipt of this permit with the above noted conditions in the space provided below. Please sign two copies. Retain one and return the other.

Should you have questions on any of these conditions, please feel free to contact our Office of Conservation and Environmental Affairs staff at 548-7837.

Very truly yours,


WILLIAM W. PATY, Chairperson
Board of Land and Natural Resources

Receipt acknowledged:



Applicant's Signature

cc: Oahu County Board Member
Oahu District Land Agent
C&C, Dept. Land Utilization
C&C, Dept. General Planning
DOH/OEQC/EC/DPED/OHA

OFFICE OF THE
ASSISTANT ATTORNEY GENERAL
STATE OF HAWAII
(Honolulu, Hawaii)

The original of this document was recorded
as follows:

DOCUMENT NO. 1877233

DATE 12/27/91 LAND COURT SYSTEM
TIME 2:18 pm
Return by Mail () Pickup () To:

THE ORIGINAL OF THIS DOCUMENT
RECORDED AS FOLLOWS:
STATE OF HAWAII

BUREAU OF CONVEYANCES

DATE 12/27/91 TIME 2:17 pm
DOCUMENT NO. 181873
91

REGULAR SYSTEM

DECLARATION OF CONDITIONS TO GRANTING OF PERMIT EXTENSION

KNOW ALL MEN BY THESE PRESENTS:

As one of the conditions to granting of the request of MINAMI GROUP (USA), INC., a Hawaii corporation (hereinafter referred to as "Minami") for a time extension for Conservation District Use Permit OA-1947A in its Document No.: 9657E dated January 25, 1991 in File No.: OA-1947A (the "Permit Extension"), Minami hereby records the following conditions which were imposed by the State of Hawaii, through the Board of Land and Natural Resources (hereinafter referred to as "State of Hawaii"). This Declaration affects the real property more fully described in Exhibit A attached hereto and made a part hereof by reference (the "Property").

CONDITIONS FOR EXTENSION OF CONSERVATION DISTRICT USE PERMIT OA-1947A

1. Minami shall establish a community benefit foundation called the Minami Community Foundation (the "Foundation"). The goals of the Foundation shall be to promote and pursue greater public recreational opportunities in the

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EXHIBIT 2

Kaneohe/Kahaluu areas, especially the areas surrounding Kaneohe Bay, and to protect the lifestyle and promote the welfare of the residents in the Kaneohe/Kahaluu area. The Foundation shall have seven directors on its board, three selected by Minami, two by the Kaneohe Neighborhood Board and two by the Kahaluu Neighborhood Board. During the interim period, up until December 31, 1991, the interim directors shall be Senator Mike McCartney, John Reppun, Reverend Robert Nakata, Fred Shiroma, Henry T. Iida and two others selected by Minami.

2. Minami shall contribute One Hundred Thousand and No/100 Dollars (\$100,000.00) to the Foundation to meet start-up expenses and initial capital.

3. Minami shall subdivide the Property and convey to the Foundation a portion of the Property consisting of approximately 500 acres situate on the face of the Pali and at the Pali base for hiking, nature walks and other such recreational uses (the "Foundation Property").

4. Minami shall collect and contribute to the Foundation fees for paid rounds of golf at the golf course being developed on the Property, played over a twenty (20) year period in accordance with the following fee and time schedule:

\$5.00 per paid round of golf for the first four years
\$6.00 per paid round of golf for the next four years
\$7.00 per paid round of golf for the next four years
\$8.00 per paid round of golf for the next four years
\$9.00 per paid round of golf for the next four years

5. In its hiring practice at the golf course and clubhouse situated thereon, Minami shall give preference and priority to residents in the Kaneohe/Kahaluu areas.

6. Minami shall provide job training through its in-house facilities at the clubhouse in the event adequately trained employees are not available from the Kaneohe/Kahaluu areas.

7. Minami shall make a meeting room at the clubhouse available for meetings of the directors of the Foundation and, on a space-available basis, to boards or committees of other community groups.

8. Minami shall allow members of the community to reserve the banquet hall at the clubhouse for wedding receptions, parties and other such events on the same terms and conditions as members of the club to be created in conjunction with development of the Property.

9. Minami shall allow members of the general community to use the dining facilities at the Club House.

10. Minami shall assign to the Foundation Minami's claim for additional proceeds from the condemnation action for construction of the H-3 Freeway (State of Hawaii, First Circuit Court, Civil No. 89-4009-12).

11. Minami shall contribute to the Foundation Two Thousand and No/100 Dollars (\$2,000.00) from the proceeds of each sale of non-international memberships.

12. Minami shall participate with other landowners in the Kaneohe/Kahaluu areas in the funding, totaling Twenty Thousand and No/100 Dollars (\$20,000.00) from Minami, for studies of the effects of run-off on Kaneohe Bay, by the Hawaii Institute of Marine Biology of the University of Hawaii and to employ the best available products and golf course management practices to reduce or eliminate any negative impacts on Kaneohe Bay.

13. Minami agrees to conduct tests of the impacts on stream flows caused by Minami's irrigation well, and to schedule pumping of its irrigation well at times that will minimize its impact on stream flows.

14. Minami shall conduct periodic water quality sampling and testing for all agents applied to the golf course before, during, and after construction and take the necessary measures to ensure that the fertilizer and pesticide runoff from the Property do not have an adverse effect on ground water, the wildlife refuge in Hoomaluhia Park, and areas downstream, including Kaneohe Bay. The system of sampling and testing shall be worked out with the community representatives. Minami shall comply with the four mitigating measures as specified on pages 78-79 of the Final Environmental Impact Statement as additional conditions, with the results of the monitoring forwarded to the Department of Land and Natural Resources of the State of Hawaii.

15. Minami will provide a security instrument in the amount of Three Million and No/100 Dollars (\$3,000,000.00) to ensure project completion by December 31, 1991.

16. Minami will provide the Department of Land and Natural Resources with a landscaping plan for the grounds around the clubhouse that includes the planting of mature trees on the mauka side of the clubhouse, thus obscuring the view of the clubhouse from the Pali Lookout.

17. Items 2, 5 and 6 above shall be in operation by the time Minami opens the golf course and clubhouse for play.

With respect to item 3, Minami shall proceed immediately to initiate the process for subdivision and conveyance of the Foundation Property to the Foundation and use its best efforts to complete such subdivision and conveyance by the time the golf course and clubhouse are open for play.

18. The foregoing obligations, duties and agreements of Minami shall be deemed covenants running with the land, which shall inure to the benefit of the State of Hawaii, its successors and assigns and shall be binding upon Minami and Minami's successors and assigns. If title to any portion of the Property is transferred, then the transferor shall be relieved of all liability as respects the obligations thereafter to be performed with respect to the Property or portion thereof so transferred, and the obligations contained herein to be performed shall, subject as aforesaid, be binding upon the transferor's successors and assigns during their respective periods of ownership of the Property or portions thereof.

19. By its signature below, the State of Hawaii acknowledges and agrees that this Declaration and the recording hereof in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and/or the Bureau of Conveyances of the State of Hawaii satisfies the recording requirements of the Permit Extension.

20. The State of Hawaii may fully or partially release these conditions as to all or any portion of the Property upon request of Minami, and upon the provision of adequate assurance of satisfaction of these conditions by Minami. Such release shall be in recordable form signed by the State of Hawaii and shall be recorded in said Office of the Assistant Registrar and/or said Bureau, as appropriate.

21. The terms and conditions of this Declaration shall only be enforced by the State of Hawaii through the Board of Land and Natural Resources and nothing contained herein shall be deemed to give any of the Community Representatives listed below any right to seek enforcement of the terms and conditions of this Declaration against Minami. The respective signatures of the Community Representatives on this Declaration are solely as an acknowledgement and agreement that the terms and conditions contained herein satisfy the requirements for the Permit Extension.

IN WITNESS WHEREOF, the undersigned have executed
this Declaration as of the day and year first above written.

MINAMI GROUP (USA), INC., a
Hawaii corporation

By Tetsuo Kato
Name: Tetsuo Kato
Its: Director

By _____
Name:
Its:

STATE OF HAWAII

By W. W. Pate
Chairperson and Member
Board of Land and
Natural Resources

APPROVED AS TO FORM

Ramon E. Young
Deputy Attorney General

Dated: November 19, 1991

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

) ss.
)

On this 9th day of December, 1991, before me personally appeared WILLIAM W. PATY to me personally known, who, being by me duly sworn, did say that he is the Chairperson and Member of the Board of Land and Natural Resources, respectively of the STATE OF HAWAII, and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and the said officer acknowledged said instrument to be the free act and deed of said corporation.

James W. Ross
Notary Public, State of Hawaii

My Commission Expires: 11/15/92

EXHIBIT A

ALL OF THOSE CERTAIN PARCELS OF LAND SITUATE, LYING AND BEING AT KANEOME, KALAHEO, KAULEKOLA, KIONAOLE, KAELEULI AND KAILUA, DISTRICT OF KOOLAUPOKO, CITY AND COUNTY OF HONOLULU, STATE OF HAWAII, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL ONE: Portions of the lands described in and covered by Royal Patent Number 7984, Land Commission Award Number 4452, Apana 13 to H. Kalama (Certificate of Boundaries No. 100); Royal Patent Grant Number 1106, Apana 4 to Kokahe; Deed: Minister of Interior to Charles C. Harris dated March 24, 1876, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 45, Page 286; and Royal Patent Number 7983, Land Commission Award Number 4452, Apana 12 to H. Kalama (Certificate of Boundaries No. 101), situate, lying and being at Kaneome, Kalaheo, Kaulekola and Kailua aforesaid, bearing Tax Key designation 4-5-42-1 (1), containing an area of 233.075 acres, more or less.

PARCEL TWO: Portions of the lands described in and covered by Royal Patent Number 7984, Land Commission Award Number 4452, Apana 13 to H. Kalama (Certificate of Boundaries No. 100); Royal Patent Grant Number 1106, Apana 4 to Kokahe; Deed: Minister of Interior to Charles C. Harris dated March 24, 1876, recorded in said Bureau in Liber 45, Page 286; Royal Patent Number 7983, Land Commission Award Number 4452, Apana 12 to H. Kalama (Certificate of Boundaries No. 101), and Land Patent Number 8263, Apana 1, Mahele Award Number 51 to Haole), situate, lying and being at Kaneome, Kalaheo, Kaulekola, Kionaole, Kaeleuli and Kailua aforesaid, bearing Tax Key designation 4-5-42-6 (1), containing an area of 471.465 acres, more or less.

SUBJECT, HOWEVER, as to PARCEL ONE and PARCEL TWO above, to the following:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

2. As to PARCEL ONE only:

a. Unrecorded Lease of right of way in favor of Hawaiian Electric Company, Inc., as mentioned in instrument dated August 11, 1950, recorded in said Bureau in Liber 2374, Page 140.

b. Limited vehicle access rights along Interstate Highway, Halekou Interchange, Federal Aid Project No. I-H3-1(4), as set forth by Judgment and Final Order of Condemnation dated November 5, 1976, filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 34540, on

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November 5, 1976, recorded in said Bureau in Liber 11511, Page 191.

3. Grant dated September 21, 1915, recorded in said Bureau in Liber 468, Page 240, in favor of Hawaiian Electric Company, Inc., granting a perpetual right-of-way for an electric transmission line.

4. Grant dated January 10, 1963, recorded in said Bureau in Liber 4449, Page 37, in favor of Hawaiian Electric Company, Inc., granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate transmission lines, etc., for the transmission and distribution of electricity, as shown on Map 62-41 attached to said Grant.

5. As to PARCEL TWO only:

a. Grant dated April 18, 1955, recorded in said Bureau in Liber 2965, Page 448, in favor of the Territory of Hawaii (now State of Hawaii), granting an easement to use "PARCEL 8" (area 4.515 acres) as a waste disposal site in connection with the construction of the Pali Road, between Federal Aid Secondary Project No. S 216 (3) and Federal Aid Secondary Aid Project No. S 216 (4), as shown on the map attached to said Grant; "this easement shall be extinguished only at the completion of all four (4) of the vehicular tunnels connected with the Pali Road aforesaid."

b. Restricted abutter's rights of vehicle access into and from portion of the Pali Road, Federal Aid Secondary Project No. S 216 (5) (Tunnel Section), as conveyed to the Territory of Hawaii (now the State of Hawaii) by Deed dated April 18, 1955, recorded in said Bureau in Liber 2981, Page 170.

c. Grant dated June 2, 1955, recorded in said Bureau in Liber 2972, Page 78, in favor of Hawaiian Electric Company, Inc., granting a perpetual right and easement (25 feet wide) to build, construct, reconstruct, rebuild, repair, maintain and operate a pole and wire line and/or underground power line, etc. for the transmission of electricity, as shown on Map 1954-159 attached to said Grant.

d. Restricted abutter's rights of vehicle access into and from portion of the Pali Road, Federal Aid Secondary Project No. S 0610(1), as conveyed to the Territory of Hawaii (now the State of Hawaii) by Deed dated March 13, 1958, recorded in said Bureau in Liber 3605, Page 76.

6. Portions of the lands situated within the boundaries of the "KANEOME FOREST RESERVE" as set apart by Governor's Proclamation dated May 2, 1938.

7. As to those portions of the land designated as Road Parcels 12, 17 and portion of Road Parcel 14 - of the Interstate Highway, Koolau Range to Halekou Interchange, Federal Aid Project No. I-H3-1 (39), being the subject matter of an action filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 80698, Stop H-3 Association, et al. vs. State of Hawaii Department of Transportation, et al., which matter is presently pending.

8. As to those portions of the land designated as Road Parcels 12, 17 and portion of Road Parcel 14 - of the Interstate Highway, Koolau Range to Halekou Interchange, Federal Aid Project No. I-H3-1 (39), being the subject matter of an action filed in the United States District Court for the District of Hawaii, Civil No. 72-3606, Stop H-3 Association, et al. vs. Andrew L. Lewis, as Secretary of the United States Department of Transportation, et al., and Civil No. 73-3794, Hui Malama Aina O Ko'olau vs. Andrew L. Lewis, as Secretary of the United States Department of Transportation, et al., which actions have been consolidated and are presently pending.

9. Complaint for Declaratory and Injunctive Relief (regarding historical preservation), filed June 10, 1986, in the United States District Court for the District of Hawaii, Civil No. 86-0413, The Trustees of the Office of Hawaiian Affairs vs. Elizabeth Dole, Secretary of United States Department of Transportation, individually and as Secretary of the United States Department of Transportation, et al., which matter is presently pending. Civil action concerns the portion of the property which is designated as "Luluku Discontiguous Archeological District".

10. With respect to those portions of the property which comprise portions of Land Commission Award No. 4452 to H. Kalama, the claims of any persons purporting to be an heir of H. Kalama, including but not limited to the claims of Abraham Kualaku McAulton and Palmroy P. K. Bush.

11. Any matters that are not a matter of record but that a modern survey may reveal and a court of competent jurisdiction shall hold to be encumbrances on the title to the real estate.

BEING portions of the premises conveyed to Minami Group (USA), Inc., a Hawaii corporation, by Limited Warranty Deed dated June 26, 1987, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1474965 and noted on Transfer Certificate of Title No. 298,572, and also recorded in said Bureau in Liber 20835, Page 764.

LAND COURT

REGULAR SYSTEM

Return by Mail (☒) Pickup (☐)
CHUN, KERR, DODD, BEAMAN & WONG
ATTORNEYS AT LAW
9TH FLOOR, HAWAII BUILDING
745 FORT STREET
HONOLULU, HAWAII 96813-3815
TELEPHONE (808) 528-8200

DS

(Oahu TMK Nos.: 4-5-042-001 and 006)

**FIRST AMENDMENT OF
DECLARATION OF CONDITIONS TO GRANTING OF PERMIT EXTENSION**

KNOW ALL MEN BY THESE PRESENTS:

By Declaration of Conditions to Granting of Permit Extension (the "Declaration") filed in the Bureau of Conveyances of the State of Hawaii on December 27, 1991 as document number 91-181873 and in the Office of the Assistant Registrar of the Land Court of the State of Hawaii on December 27, 1991 as Document number 1877233, Minami Group (USA), Inc. and the Board of Land and Natural Resources of the State of Hawaii ("BLNR") recorded a memorandum of certain conditions which were imposed by BLNR as conditions to the granting of a request for an extension of the time established by Conservation District Use Permit OA-1947A (the "CDUP") to complete construction of a golf course, clubhouse and related improvements on certain real property which is subject to the jurisdiction of BLNR. The property affected by the Declaration (the "Property") is more fully described in Exhibit A hereto.

After recordation of the Declaration, Minami Group (USA), Inc., a Hawaii corporation, changed its name to Koolau Management, Inc. ("KMI").

On November 30, 1994, The Long Term Credit Bank of Japan, Limited, a Japan corporation ("LTCB") filed suit in the First Circuit Court of the State of Hawaii, Civil Number 94-4508-11 (the "Foreclosure Action") for foreclosure of its first mortgage against the Property.

EXHIBIT

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7/27/06

In its complaint for foreclosure, LTCB alleged that certain conditions in the Declaration were invalid, and that its mortgage had priority over the interest in the Property, if any, of The Minami Community Foundation (the "Foundation"), which is the beneficiary of certain of the conditions set forth in the Declaration.

On January 24, 1996, a "Stipulation for Conditional Settlement of Claims Against Defendant The Minami Community Foundation," (the "Settlement Agreement") executed by attorneys for LTCB, KMI, the Foundation, and defendant Hazama Corporation ("Hazama"), was entered in the Foreclosure Action. The Settlement Agreement provided, in part, that it would be effective only if approved by BLNR within three months from the date of entry of the Settlement Agreement.

On April 12, 1996, BLNR approved the Settlement Agreement, in reliance upon the understanding of its counsel as stated at its meeting on that date. Paragraph 2 of the Settlement Agreement provides that, upon approval of the Settlement Agreement, an amendment of the Declaration shall be filed in the Bureau of Conveyances and the Land Court. This document is intended to satisfy that requirement of the Settlement Agreement.

The BLNR by letter dated May 1, 1996, notified LTCB that its application to amend CDUP OA-1947A was approved.

NOW, THEREFORE, the Declaration is hereby AMENDED as follows:

1. Except as set forth below, any failures by KMI to perform the conditions of the Declaration have been waived.

2. KMI has performed the requirements of conditions 1 and 2 of the Declaration, requiring KMI to create the Foundation and contribute \$100,000.00 in start-up capital, and such conditions have been released.

3. Condition 3 of the Declaration, requiring KMI to subdivide and convey 500 acres along the face of and at the base of the Pali to the Foundation, has been released. However, such 500 acres will remain in the Conservation district and will remain subject to the restrictions on development applicable in such district.

4. KMI has failed to pay the Foundation \$362,394.00 as of April 30, 1995, which is owed under condition 4 of the Declaration, requiring payment to the Foundation of \$5.00 per paid round of golf. LTCB will pay the Foundation \$362,394.00, with simple interest at the rate of 10% per annum calculated from April 30, 1995 until the date of payment, on the earlier to occur of a Third Party Sale or December 31, 1996. Such payment by LTCB shall be secured by and treated as a protective advance under the terms of its mortgage. As used herein, a "Third Party Sale" means the closing and recordation of a conveyance of the fee simple title to the Subject Property by any one of the following events:

a. a foreclosure sale herein, a tax sale by the City and County and expiration of any right of redemption, or a sale under authority of any other court having jurisdiction; unless LTCB or Hazama, or any entity directly or indirectly controlled by LTCB or Hazama, is the purchaser at such a sale;

b. a sale of the property to any party other than LTCB or Hazama, or an entity controlled by LTCB or Hazama, except a deed in lieu of foreclosure; or

c. a sale of the property by LTCB or Hazama, or by an entity owned or controlled by LTCB or Hazama.

5. Any purchaser at a Third Party Sale, other than LTCB or Hazama or an entity controlled by LTCB or Hazama, shall have the right to reduce the obligation to make further payments to the Foundation under said condition 4 to one dollar (\$1.00) per paid round of golf, payable annually from the date of exercise of the option until December 31, 2011, by payment of an additional amount to the Foundation (the "Option Amount") at closing. The Option Amount shall be in addition to the payment of \$362,394.00 required to be paid under paragraph (4) above. The Option Amount is to be calculated as follows:

a. if the purchase price is \$26,000,000.00 or less, then the Option Amount shall be \$500,000.00;

b. if the purchase price is more than \$26,000,000.00 but \$40,000,000.00 or less, then the Option Amount shall be \$800,000.00; and

c. if the purchase price is more than \$40,000,000.00, the Option Amount shall be \$1,100,000.00.

6. LTCB and Hazama shall have the option to reduce the obligation to make further payments to the Foundation under condition 4 of the Declaration to one dollar (\$1.00) per paid round of golf, payable annually from the date of exercise of the option until December 31, 2011, at any time prior to a Third Party Sale by payment to the Foundation of \$1,100,000.00, in addition to the past due amount of \$362,394.00 set forth in paragraph (4) above.

7. If the Foundation delivers to the party exercising the option under paragraph (5) or (6) above a written instrument waiving its right to continue to receive one dollar (\$1.00) per paid round of golf, thirty (30) days prior to the exercise of such option, then the Option Amount payable under paragraph (5) or (6) above shall be increased by \$200,000.00.

8. If the obligation to pay a share of the greens fees imposed by condition 4 of the Declaration is not liquidated by payment of the Option Amount under paragraphs (5) or (6) above on or before the date of closing of any Third Party Sale, it shall remain effective as provided in said condition 4 of the Declaration.

9. Conditions 5-9 of the Declaration, requiring KMI to give preference to residents in hiring, to provide job training services, to make its meeting room at the clubhouse available to the directors of the Foundation, to allow members of the community to use the banquet hall, and to allow members of the general community to use the dining facilities at the club house, have been released.

10. KMI has fully complied with condition 10 of the Declaration requiring payment of additional condemnation proceeds.

11. Condition 11 of the Declaration, requiring contribution to the Foundation of \$2,000.00 from each sale of a non-international membership, has been released.

12. Condition 12 of the Declaration shall remain effective. Within one year after a sale of the property (whether or not such is a Third Party Sale), a study of the effects

of run-off on Kaneohe Bay shall be completed at a cost of not more than \$20,000.00. The Foundation acknowledges receipt of \$20,000.00 for that purpose. Such study may be performed by the Hawaii Institute of Marine Biology of the University of Hawaii or any other qualified person or organization reasonably acceptable to the Foundation.

13. Condition 13 of the Declaration shall remain effective. Within one year after sale of the property (whether or not such is a Third Party Sale), the purchaser shall conduct a test of the impacts on stream flows caused by the irrigation well, as required by said condition 13.

14. Condition 14 of the Declaration shall remain effective, except that any failure to abide by such condition prior to sale of the property (whether or not such is a Third Party Sale) has been released. Within one year after the sale, the purchaser shall be required to comply with condition 14, requiring water quality sampling and testing and taking necessary measures to ensure that the fertilizer and pesticide runoff from the property do not have adverse effects on surrounding areas, including Kaneohe Bay. Any further mitigating measures required by said condition 14 shall be taken within a reasonable time after closing of the sale.

15. Conditions 15-17 of the Declaration, requiring posting of a bond to ensure completion of construction, providing a landscaping plan to BLNR, and completion of certain items, have been fully performed and have been released.

16. Conditions 18-21 of the Declaration shall remain in effect and shall not be modified.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment to Declaration of Conditions to Granting of Permit Extension, as of this _____ day of _____, 1996.

Koolau Management, Inc.,
a Hawaii corporation
Dated: July 30, 1996

By M. Nungakua
Name: _____
Its: _____

Board of Land and Natural Resources,
State of Hawaii

By Michael D. Wilson
Michael D. Wilson
Its Chairperson

APPROVED AS TO FORM

Linnel Nishioka
Linnel Nishioka, Esq.
Deputy Attorney General

Dated September 4, 1996

MINAMI COMMUNITY FOUNDATION

P.O. Box 1
Kaneohe, Hawaii 96744

AUGUST 10, 2006

Koolau Golf Partners LLC
c/o CCL Holdings (USA), Ltd.
18401 Von Karman Avenue, Suite 350
Irvine, California 92612
Attn: David Chang

Re: Minami Community Foundation Settlement Letter

Dear Mr. Chang:

The Minami Community Foundation (the "*Minami Foundation*") hereby acknowledges that Koolau Golf Partners LLC ("*KGP*") currently owns the Koolau Golf Course and other lands (the "*CDUP Land*") covered by the Conservation District Use Permit, CDUP OA-1947, as amended (the "*CDUP*"). Under the CDUP, there are multiple obligations to be performed by KGP, as owner of the CDUP Land, for the benefit of the Minami Foundation.

By executing this letter, the Minami Foundation hereby acknowledges that all of the obligations owed to it by KGP under the CDUP have been fully performed and satisfied in full through the date hereof, and that from and after such date, the sole remaining prospective obligation owed to the Minami Foundation by KGP, as owner of the CDUP Land, is the payment of One Dollar (\$1.00) per paid round of golf played at the Koolau Golf Course.

The Minami Foundation understands that, for good and valuable consideration, this letter may be relied upon by KGP, its successors, assigns and by all subsequent purchasers of the CDUP Land, and that said successors, assigns and subsequent purchasers may rely on this letter as though it was personally addressed to each individually.

Very truly yours,

MINAMI COMMUNITY FOUNDATION

By:

Henry T. Iida
Name: **HENRY T. IIDA**
Its: **PRESIDENT**

EXHIBIT

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KOOLAU GOLF PARTNERS LLC

c/o CCL Holdings (USA), Ltd.
18401 Von Karman Avenue, Suite 350
Irvine, California 92612

May 8, 2006

Mr. Henry T. Iida
President
Minami Community Foundation
P.O. Box 1
Kaneohe, Hawaii 96744

Re: Koolau Golf Course

Dear Mr. Iida:

Thank you for your continued assistance and patience in working to resolve our differences in connection with Koolau Golf Partners LLC's ("KGP") exercise of the option to reduce the obligation to make further payments to the Minami Community Foundation (the "Foundation") under the CDUP (as defined below) to One Dollar (\$1.00) per paid round of golf played at the Koolau Golf Course (the "Golf Course"). In this respect, the following sets forth the terms of our agreement:

1. Under the terms of the Conservation District Use Permit dated March 18, 1997, as amended, and further supplemented by, among other instruments, that certain Declaration of Conditions to Granting of Permit Extension (undated) filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1877233, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 91-181873, and by that certain First Amendment of Declaration of Conditions to Granting of Permit Extension dated July 30, 1996, filed as aforesaid as Document No. 2359738, and also recorded as aforesaid as Document No. 97-004850 (as amended, the "CDUP"), relating to the development of the Golf Course, KGP has the option to reduce the per round fee payable to the Foundation to One Dollar (\$1.00) per paid round of golf played at the Golf Course (the "Option"). Upon KGP's payment of the Settlement Amount and the Donation (as such terms are defined below) to the Foundation, the Foundation agrees that the Option will be deemed to have been validly exercised by KGP effective as of the closing date of the acquisition of the Golf Course by KGP on January 30, 1998.

2. KGP shall pay to the Foundation an amount (the "Settlement Amount") equal to ONE MILLION AND NO/100 DOLLARS (\$1,000,000.00). The Settlement Amount includes the \$500,000.00 Option Amount (as defined in the CDUP) and all interest accrued to the date of payment (as provided herein) on the Option Amount and on all per round fees paid to date by KGP to the Foundation for paid rounds of golf played at the Golf Course through December 31, 2005. Payment of the Settlement Amount shall be made as follows:

Mr. Henry T. Iida
Minami Community Foundation
May 8, 2006
Page 2

a. FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00) shall be paid to the Foundation immediately upon the Foundation's written acknowledgement and acceptance of this letter agreement; and

b. The balance of the Settlement Amount (FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)) shall be paid on the earlier of (i) the closing of the pending sale of the Golf Course Parcel (as defined below), or (ii) one hundred twenty (120) days from the Foundation's written acknowledgement and acceptance of this letter agreement.

3. KGP shall make a charitable contribution (the "Donation") to the Foundation in the amount of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000.00), which shall be paid to the Foundation on the earlier of (a) the closing of the pending sale of the Golf Course Parcel, or (b) one hundred twenty (120) days from the Foundation's written acknowledgement and acceptance of this letter agreement. The Foundation agrees to provide KGP with a written receipt for the Donation satisfying the requirements of the Internal Revenue Code of 1986, as amended, pertaining to the deductibility of charitable contributions.

4. KGP is in the process of consolidating and resubdividing the two (2) parcels of land owned by KGP designated as Tax Map Key Nos. (1) 4-5-042-001 and 006, both of which are subject to the CDUP. The consolidation and resubdivision of said parcels will result in one (1) parcel of approximately 245 acres upon which the Golf Course is located (the "Golf Course Parcel"), and a second parcel of approximately 435 acres consisting of the remaining lands under said tax map designations (the "Remainder Parcel"). KGP agrees to grant the Foundation a thirty (30) day right of first negotiation to acquire the Remainder Parcel prior to publicly offering the Remainder Parcel (or any portion thereof) for sale or transfer. In the event KGP wishes to publicly offer the Remainder Parcel (or any portion thereof) for sale or transfer, KGP shall first give written notice to the Foundation along with an estimated market value of the Remainder Parcel (or portion thereof). KGP agrees to provide to the Foundation all information in its possession relating to KGP's determination of the estimated market value of the Remainder Parcel (or portion thereof). If the Foundation does not elect to purchase the Remainder Parcel (or such portion thereof that was subject to the written notice), KGP shall be free to publicly offer the Remainder Parcel (or such portion thereof that was subject to the written notice) for sale or transfer; provided, however, the Foundation may still continue negotiations with KGP to acquire the Remainder Parcel (or such portion thereof that was subject to the written notice) beyond said thirty (30) day period until such time that KGP enters into a binding purchase contract with a third party to sell the Remainder Parcel (or portion thereof). KGP and the Foundation agree to execute a mutually acceptable agreement incorporating the terms of this Section 4 within fifteen (15) days of the Foundation's written acknowledgement and acceptance of this letter agreement.

5. The parties agree that the terms of the CDUP shall remain in full force and effect (except as may be amended as provided in Section 7 below or as otherwise amended from time to time upon approval of the Department of Land and Natural Resources of the State of Hawaii ("DLNR")); provided, however, that, the obligation of KGP or any subsequent owner of the Golf Course Parcel to make further per round payments to the Foundation under the CDUP shall be deemed to be One Dollar (\$1.00) per paid round of golf played at the Golf Course from

Mr. Henry T. Iida
Minami Community Foundation
May 8, 2006
Page 3

and after January 30, 1998, until such obligation expires under the terms of the CDUP; provided, further, however, that such payment obligation and any other obligations under the CDUP that relate solely to the ownership, operation, maintenance, repair and use of the Golf Course shall be deemed to be covenants running with the land only as to the Golf Course Parcel (and not the Remainder Parcel).

6. The Foundation shall execute and deliver to Title Guaranty Escrow Services, Inc. - Main Branch, 235 Queen Street, Honolulu, Hawaii, Attn: Barbara Paulo (the "Escrow Agent"), the acknowledgement letter attached hereto as Exhibit A, and incorporated herein by this reference, not later than five (5) days prior to the scheduled closing date of the pending sale of the Golf Course Parcel. KGP shall keep the Foundation advised from time to time on the status of the closing of the pending sale of the Golf Course Parcel.

7. The Foundation agrees that it will cooperate in good faith with KGP in obtaining the approval of DLNR to the above settlement and, if necessary, to the amendment of the CDUP consistent herewith. The Foundation further agrees that it will promptly execute and deliver any and all documents, certificates and other instruments reasonably requested by KGP, DLNR and/or the Escrow Agent in connection with KGP's application for consolidation and resubdivision of the Golf Course Parcel and the Remainder Parcel and/or the pending sale of the Golf Course Parcel.

8. The Foundation for itself and its successors and assigns hereby releases and discharges KGP, its members and managers and each of their respective officers, directors, shareholders, members, managers, affiliates, employees and agents, jointly and severally, from any and all claims, demands, or causes of action it has asserted, which it may have asserted, or which it could have asserted, which relate in any manner to the CDUP, whether based on state or federal law, whether known or unknown, from the beginning of time up to and including the closing of the sale of the Golf Course Parcel. This release and discharge includes, but is not limited to, the Foundation's claims for (i) per round payments for paid rounds of golf played at the Golf Course prior to January 30, 1998; (ii) interest on the Option Amount in excess of any interest paid hereunder; (iii) interest on the per round fees paid by KGP to date in excess of any interest paid hereunder; (iv) per round payments for paid rounds of golf played at the Golf Course for any amounts in excess of One Dollar (\$1.00) per round; and (v) KGP's alleged failure to satisfy any of the terms and conditions of the CDUP, including, without limitation, those relating to stream flow testing, water quality sampling and testing, and golf course management practices.

KGP for itself and its successors and assigns hereby releases and discharges the Foundation, its members, officers, directors, affiliates, employees and agents, jointly and severally, from any and all claims, demands, or causes of action it has asserted, which it may have asserted, or which it could have asserted, which relate in any manner to the CDUP, whether based on state or federal law, whether known or unknown, from the beginning of time up to and including the closing of the sale of the Golf Course Parcel, which includes, but is not limited to, KGP's claims relating to KGP's exercise of the Option and reduction of the per round fee payable to the Foundation to One Dollar (\$1.00) per paid round of golf played at the Golf Course.

Mr. Henry T. Iida
Minami Community Foundation
May 8, 2006
Page 4

9. This letter agreement is the full, final and complete compromise and settlement of a disputed claim. The parties agree that this letter agreement, its contents, and the settlement it evidences, are not to be construed as an admission of any claim, demand, wrongdoing, willful misconduct, violation of any statute, law, rule or regulation, liability, violation of or non-compliance with the CDUP, fault, negligence, or any act or omission of any kind whatsoever, by any party, but are to be construed strictly as a compromise and settlement of claims between the parties hereto for the purpose of avoiding further controversy, litigation, and expense. This letter agreement is governed by Rule 408 of the Hawaii Rules of Evidence.

10. The parties acknowledge that they have investigated and assessed their respective rights, remedies, claims, defenses and liabilities and consulted with their own attorneys. For purposes of construction of this letter agreement, no party shall be deemed to be the sole author of this letter agreement.

11. This letter agreement shall be applied, interpreted and construed in accordance with the substantive laws of the State of Hawaii, without regard to any choice of law principles. The parties agree that the forum for the resolution of any disputes concerning any aspect of this letter agreement, including, but not limited to, the validity of this letter agreement, the interpretation or construction of any of its terms, or any alleged breach of its provisions, shall be exclusively in the courts of the State of Hawaii.

12. Each party warrants and represents that the representative signing below is duly authorized to enter into and deliver this letter agreement. Further, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, each of the parties hereto warrants and represents to the other party that this letter agreement constitutes the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms.

13. This letter agreement (along with the right of first negotiation agreement described in Section 4 above) contains the entire agreement of the parties and supersedes any and all prior or contemporaneous discussions, agreements, representations and warranties, and there are no other covenants, promises, agreements, conditions or understandings, either oral or written between the parties other than as set forth herein (and in said right of first negotiation agreement). No other promises or agreements shall be binding or shall modify this letter agreement unless made in writing and signed by the parties hereto.

14. The invalidity, illegality, or unenforceability of any provision of this letter agreement shall not affect the validity, legality or enforceability of any other provision hereof.

15. In the event litigation is necessary to enforce any of the terms of this letter agreement, the prevailing party shall be entitled to its costs and reasonable attorneys' fees.

16. The parties specifically disavow any desire or intention to confer any benefit upon any third party, and specifically agree that there are no third party beneficiaries of this letter agreement.

Mr. Henry T. Iida
Minami Community Foundation
May 8, 2006
Page 5

17. The parties agree that facsimile copies of this letter agreement may be signed as originals and shall be deemed valid original signatures for all purposes.

If the above terms and conditions are acceptable, please sign in the space below and return a copy to my attention not later than 5:00 p.m. (Hawaii Standard Time) on May 12, 2006.

If you have any questions, please feel free to contact me directly.

Very truly yours,

KOOLAU GOLF PARTNERS LLC, a Hawaii
limited liability company

By: CCL Hawaii, Ltd., a Hawaii corporation
Its Manager

By:


Name: Tim P. Chun
Its: Vice President

AGREED AND ACCEPTED BY:

MINAMI COMMUNITY FOUNDATION,
a Hawaii non-profit corporation

By:


Name: Henry T. Iida
Its: President

Date: June 5, 2006

KOBAYASHI SUGITA & GODA

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Thomas H. Yee

*A Law Corporation

June 13, 2006

VIA HAND DELIVERY

Mr. Samuel J. Lemmo
Administrator
State of Hawaii
Department of Land and Natural Resources
Office of Conservation and Coastal Lands
1151 Punchbowl Street, Room 131
Honolulu, Hawaii 96813

Re: Koolau Golf Course
Tax Map Key Nos. (1) 4-5-042-001 and 006

RECEIVED
OFFICE OF CONSERVATION
AND COASTAL LANDS
2006 JUN 13 P 3:18
DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

Dear Mr. Lemmo:

Thank you for meeting with us on April 17, 2006 to further discuss the status and resolution of the conditions remaining in effect on Koolau Golf Partners, LLC's ("KGP") conservation district use permit for the above referenced parcels (the "Property"). This correspondence follows up our previous letter, dated January 27, 2006, regarding the specific terms and the status of the remaining permit conditions relating to (1) KGP's settlement of its per round financial obligations with the Minami Community Foundation (the "Foundation"), and (2) KGP's¹ compliance with certain environmental permit conditions that remain in effect on the Property.

As discussed in our January 27 Letter, the permit conditions on the Property concern the conditions which were imposed pursuant to the Conservation District Use Permit ("CDUP"), Declaration of Conditions to Granting of Permit Extension ("Declaration"), and the First Amendment of Declaration of Conditions to Granting of Permit Extension ("Amendment"), all of which concerned approvals for the construction of the Ko'olau Golf Course and related improvements. Copies of the CDUP, the Declaration and the Amendment are attached hereto as **Exhibit A**, **Exhibit B** and **Exhibit C**, respectively, for your reference and information (collectively, the "CDUP" or the "Permit"). Further background regarding the CDUP and KGP's acquisition of the Property can be found in our January 27 Letter.

¹ As noted previously, since KGP's acquisition of the Property in 1998, the golf course has been operated and maintained by American Golf Corporation ("AGC").

EXHIBIT 5

Again, for your convenience, the remaining conditions in the CDUP, Declaration, and Amendment which require substantive action by the landowner and which require DLNR review and/or approval at this time are the following:

1. The obligation to pay the Foundation a fee for each paid round of golf played at the Koolau Golf Course, payable annually until December 31, 2011. *See, Declaration, Paragraph 4 and Amendment, Paragraph 5;*

2. Water quality sampling and testing (taken within one year from the foreclosure acquisition) and necessary measures to ensure that the fertilizer and pesticide runoff from the Property does not have adverse effects on surrounding areas. Such mitigating measures included compliance with the four (4) mitigating measures specified on Pages 78-79 of the Final Environmental Impact Statement for the Property (a copy of which was attached as Exhibit D to our January 27 letter), which are as follows:

- Periodic checking and maintenance of the retention and settling basins on the golf course to reduce the risk of environmental hazards to the streams and the reservoir (Hoomaluhia Park).
- Use of slow release nitrogen fertilizers (with release rates the same as nitrogen is used by turfgrasses).
- Use of pesticides limited to those which provide the most effective control of turf pests under Hawaii conditions with the least environmental hazard.
- Periodic monitoring of the Kamooalii and Hooleinaiwa Streams near U.S. Geological Survey Stream gauging stations 2657 and 2665 to evaluate the project's impact on stream quality (with results of the monitoring forwarded to the Department of Land and Natural Resources).

See CDUP, Paragraph 8, Declaration, Paragraph 14 and Amendment, Paragraph 14.

3. Within one (1) year after the foreclosure sale of the Property, the purchaser shall conduct a test of the impacts on stream flows caused by the irrigation well, and will schedule pumping of its irrigation well at times that will minimize its impact on stream flows. See Declaration, Paragraph 13 and Amendment, Paragraph 13.

KGP's Compliance With And Status Of Outstanding CDUP Conditions

The following discussion describes the actions taken by KGP to comply with the above three (3) remaining permit conditions and obligations.

1. **Condition 1 - Minami Community Foundation Fees**

The first permit condition concerns the landowner's obligation to pay the Foundation a fee for each paid round of golf played at the Koolau Golf Course on an annual basis until December 31, 2011. KGP and the Foundation previously reached an agreement in principle for KGP to exercise the Option (as defined in the Amendment) to reduce the fee for paid rounds of golf at the Koolau Golf Course to \$1.00 per paid round of golf effective as of January 30, 1998. KGP and the Foundation have since signed an agreement confirming the effective exercise of the Option as of January 30, 1998, and the reduction of the per round fee payable to the Foundation to \$1.00 per paid round of golf played at the Koolau Golf Course from and after such date through December 31, 2011. A copy of the agreement (the "Foundation Agreement") is attached hereto as **Exhibit D**.

Based on the Foundation Agreement, all payment obligations to the Foundation as of this date have been satisfied.² Accordingly, KGP respectfully requests the DLNR's approval of the Foundation Agreement (to the extent such approval is necessary under the terms of the CDUP) and acknowledgment of KGP's compliance with Condition 1 to date.

2. **Condition 2 - Water Quality Testing and Mitigating Environmental Measures**

Condition 2 required periodic monitoring of the Kamooalii and Hooleinaiwa Streams near Department of Interior, U.S. Geological Survey ("USGS") stream gauging stations 2657 and 2665 to evaluate the Golf Course's impact on stream quality in both streams. USGS stream gauging stations 2657 and 2665 are located approximately 1/4 mile downstream from the Property, across H-3 and inside Hoomaluhia Park. Station 2657 is located in the Kamooalii stream and station 2665 is located in the Hooleinaiwa stream. The precise locations of stream gauging stations 2657 and 2665 are reflected in the USGS map attached hereto as **Exhibit E**.

From 1992 through 1998, the USGS maintained stream flow and water quality records at stream gauging stations 2657 and 2665. The USGS's maintenance and testing at stream gauging station 2665 was discontinued in 1997 and was subsequently discontinued at stream gauging station 2657 in 1998.

As you are aware, KGP has only recently begun testing water quality levels in the Kamooalii and Hooleinaiwa streams. However, as discussed below, recent testing conducted by KGP indicates that KGP's activities have not adversely impacted water quality levels in the Kamooalii and Hooleinaiwa streams. Moreover, present water quality levels in both streams are well below the acceptable levels prescribed under the State of Hawaii's water quality standards for inland streams.

² As noted previously, KGP has already made payment to the Foundation in the amount of \$253,261 (based on \$1.00 per paid round of golf) for all paid rounds of golf played at the Koolau Golf Course from January 30, 1998 through December 31, 2005. The \$1.00 per paid round of golf played at the Koolau Golf Course from January 1, 2006 to the present will not be due until 2007.

a. State Water Quality Standards For Inland Streams Under Administrative Rules

The applicable water quality standards for the Kamooalii and Hooleinaiwa Streams are described in the Hawaii Administrative Rules ("HAR"), Title 11, Chapter 54. Section 11-54-5.2 of the Administrative Rules includes tables which detail the acceptable water quality standards for inland streams, which includes the Kamooalii and Hooleinaiwa Streams. HAR Section 11-54-5.2 is attached for your information and reference as **Exhibit F**. The most applicable column in the table is the far right column (the third column), given the lack of results necessary to create a "median" for the first column.

As discussed in our January 27 letter, Kevin Gooding of the State Water Resource Control requested only that AGC conduct Nitrate/Nitrite testing for the Kamooalii and Hooleinaiwa Streams. However, as discussed below, KGP also obtained water quality testing for total suspended solids (TSS), turbidity, dissolved oxygen (DO), chemical oxygen demand (COD), biochemical oxygen demand (BOD5), phosphate, herbicides, and pesticides in both streams.

b. Water Quality Test Results Establish That KGP's Activities Have Not Adversely Impacted The Water Quality Levels in The Kamooalii and Hooleinaiwa Streams

Three recent sets of water quality testing have been taken from the Kamooalii and/or Hooleinaiwa streams, each of which indicate that KGP's activities have not adversely impacted water quality levels in either stream.

First, in November 2005, at the request of the prospective buyer, Inalab conducted comprehensive water quality testing in the Kamooalii stream, immediately downstream from the Property. Inalab was unable to conduct water quality testing in the Hooleinaiwa stream as the stream only flows through the Golf Course temporarily during periods of heavy precipitation and was dry during the November 2005 testing.

Inalab tested for the following potential pesticides, herbicides and fertilizers: nitrates/nitrites, 2,4-D, 2,4,5-TP, Chlordane, Diazinon, Dursban, Endrin, Heptachlor, Heptachlor epoxide, Lindane, Malathion, Methoxychlor, pH#, and Toxaphen. The November test results show that the Kamooalii stream contained no detectible concentrations (<.001) in the above herbicides and pesticides, and that the pH and nitrate/nitrite concentrations were well within normal and acceptable legal ranges. A copy of the November 17, 2005 Inalab, Inc. Analytical Report reflecting the above water quality test results is attached hereto as **Exhibit G**.

Next, on three separate occasions in January and February of 2006, AGC likewise retained Inalab, Inc. to perform water quality testing for nitrate/nitrites in both the Kamooalii and Hooleinaiwa streams. The locations of each of the three tests are depicted in the map attached hereto as **Exhibit H**. Again, in each of the three tests, the Nitrate/Nitrite levels in the Kamooalii and Hooleinaiwa Streams were within normal ranges and well below the legal threshold limit. A copy of the January 14, 26, and February 18, 2006 Inalab, Inc. Analytical Reports, reflecting the above water quality test results, are attached hereto as **Exhibit I**.

Finally, in May 2006, KGP again hired Inalab, Inc. to conduct further and more comprehensive testing of water quality levels in both streams at the following locations: (a) just above the Golf Course; (b) just below the Golf Course in both streams; and (c) at stream gauging stations 2657 and 2665 in the Kamooalii and Hooleinaiwa streams. In addition to testing for the six (6) pollutants applicable to all inland streams in Hawaii (Nitrate/Nitrite, Phosphorus, Turbidity, pH#, Total Suspended Solids, and Oxygen (Dissolved)), the May 2006 report also includes testing for the following herbicides and pesticides: 2,4-D, 2,4,5-TP, Biochemical Oxygen Demand, Chlordane, COD, Endrin, Heptachlor, Heptachlor epoxide, Lindane, and Methoxychlor (the "**Herbicides and Pesticides**"). The May 2006 Inalab, Inc. Analytical Reports reflecting the above test results are attached hereto as **Exhibit J**.

The purpose of tests (a) and (b) was to best indicate how KGP's activities affect water quality levels in both streams by measuring the water quality levels in each stream prior to the streams' passage through the Golf Course and again upon the streams' respective exits from the Golf Course. Unfortunately, Inalab was again unable to conduct water quality testing in the Hooleinaiwa stream at areas either above or on the Golf Course as the stream was once again dry in this area. Accordingly, only two samples were taken from the Hooleinaiwa stream, one just across H-3 in the Botanical Gardens (where the stream first picks up), and the other further downstream at the old USGS gauging station 2665.

The purpose of test (c) was to compare the current test results at both stream gauging stations against the USGS water quality test results conducted at both stream gauging stations between 1995-98, prior to KGP's acquisition of the Property in 1998.

As reflected in the tables below and in the report attached as Exhibit J, tests (a) and (b) indicate that KGP's activities presently have little if any impact on water quality levels in the Kamooalii stream, as water quality levels remain consistent in the Kamooalii stream after its passing through the Golf Course. While KGP expects that its activities likewise have not adversely affected water quality levels in the Hooleinaiwa stream, KGP was unable to establish this due to the stream being dry directly above and below the Golf Course. However, the fact that the Hooleinaiwa stream remains dry directly above and throughout the Golf Course for much of the year establishes that KGP's activities ordinarily will have little influence on water quality levels in the Hooleinaiwa stream in any event. It is therefore impracticable for KGP (or any future owner of the Golf Course) to determine how its activities affect water quality levels in the Hooleinaiwa stream given the infrequent and unpredictable nature of the stream's flowage through the Golf Course.

Notwithstanding the above, test (b) also reflects the fact that water quality levels in both streams are currently below the State's minimum water quality standards at the point the streams' exit from the Golf course (or from the nearest point to the Golf Course in the Hooleinaiwa stream from which a water sample can be taken). Additionally, KGP's test (c) results, when compared against the baseline results from 1996-1998 taken from the same stream gauging station locations, reflect consistent or improved water quality levels in both streams.

In summary, tests (a), (b), and (c) clearly establish that: (i) water quality levels in the Kamooalii stream are below the legal threshold limit prior to entering the Golf Course; (ii)

water quality levels in the Kamooalii stream remain consistent after passing through the Golf Course, indicating that KGP's activities do not adversely impact water quality levels in the Kamooalii stream; (iii) water quality levels in both streams are below the legal threshold after passing through the Golf Course; and (iv) water quality levels at stream gauging stations 2657 and 2665 are presently below the levels recorded shortly prior to KGP's acquisition of the Property in 1998.

Accordingly, the above test results establish that any inadvertent failure by KGP to comply with the periodic testing requirement from 1998 to 2005 is nonetheless ultimately mitigated by the results from the above tests. In other words, although the results were not periodically recorded, the current test results establish that KGP's activities have not had an adverse impact on water quality levels in the Kamooalii and Hooleinaiwa streams, therefore fulfilling the primary purpose of Condition 2.

The following is a summary and analysis of the May 2006 test results (the specific data from which is provided in the report attached as Exhibit J).

i. Tests (a) and (b): Water Quality Results Directly Above Below Golf Course

The May 2006 (a) and (b) test results show that KGP's activities have not adversely affected water quality levels in the Kamooalii stream and that water quality levels are within and are most often well below legally acceptable limits.³ As reflected in the test results which are illustrated in the table below, the water quality levels reported in the Kamooalii stream remained consistent after passing through the Golf Course. Specifically, in comparing the test results taken from above the Golf Course and directly below the Golf Course, the results either remained the same or showed only a de minimis increase. Moreover, the water quality levels in both streams were consistently below the acceptable legal thresholds after passing through the Golf Course⁴.

The table below contains the results from the May 2006 test and reflects the following information: (a) the legal water quality standard, if any; (b) water quality levels in the Kamooalii and Hooleinaiwa streams immediately prior to the streams' respective passages through the Golf Course; and (c) water quality levels in the Kamooalii and Hooleinaiwa streams immediately after the streams' respective exits from the Golf Course.

The following table summarizes the results relating to the six (6) water quality standards specifically applicable to inland streams:

³ Again, KGP was unable to show how its activities affect water quality levels in the Hooleinaiwa stream since the stream has remained dry both above and directly below the Golf Course at the time of testing, and remains dry in this location throughout most of the year.

⁴ The one minor exception is the level of Total Suspended Solids (TSS) detected in both streams. The TSS level slightly increased after passing through the Property (from .37 mg/L to .67 mg/L), however, the .67 mg/L result was far below the acceptable legal limit of 55 mg/L, and thus is well within acceptable legal ranges.

Stream	Test Type	Legal Standard (if any)	Test Result Directly Above Golf Course (ug/L)	Test Result Directly Below Golf Course (ug/L)
Hooleinaiwa	Nitrogen (Nitrate + Nitrite)	170 ug/L	N/A	.02 mg/L (20 ug/L)
Kamooalii			.15 mg/L (150 ug/L)	.15 mg/L (150 ug/L)
Hooleinaiwa	Oxygen (Dissolved)	N/A	N/A	6.70 mg/L
Kamooalii			6.70 mg/L	6.70 mg/L
Hooleinaiwa	Phosphorus	80 ug P/L	N/A	.15 mg P/L (150 ug P/L)
Kamooalii			.03 mg P/L (30 ug P/L)	<.02 mg/L (20 ug P/L)
Hooleinaiwa	pH #	5.5 > 8.0 pH units	N/A	6.10 p/H units
Kamooalii			7.0 p/H units	6.30 p/H units
Hooleinaiwa	Total Suspended Solids	55 mg/L	N/A	.74 mg/L
Kamooalii			.37 mg/L	0.67 mg/L
Hooleinaiwa	Turbidity	10 NTU	N/A	4.0 NTU
Kamooalii			3.7 NTU	2.0 NTU

The following table summarizes the test results for the Herbicides and Pesticides tested for by Inalab in the Hooleinaiwa and Kamooalii streams compared against the water quality standards for said pollutants in all state waters:

Hooleinaiwa	2, 4-D	670 mg/L	N/A	< 3.30 ug/L (.0033 mg/L)
Kamooalii			< 3.30 ug/L (.0033 mg/L)	< 3.30 ug/L (.0033 mg/L)
Hooleinaiwa	2,4,5-TP	N/A	N/A	< .32 ug/L

Kamooalii			< .32 ug/L	< .32 ug/L
Hooleinaiwa	Biochemical Oxygen Demand	N/A	N/A	7.90 mg/L
Kamooalii			9.10 mg/L	8.70 mg/L
Hooleinaiwa	Chlordane	2.4 mg/L	N/A	< .17 ug/L (.00017 mg/L)
Kamooalii			< .17 ug/L (.00017 mg/L)	< .17 ug/L (.00017 mg/L)
Hooleinaiwa	Endrin	.18 mg/L	N/A	< 3.80 ug/L (.0038 mg/L)
Kamooalii			< 3.80 ug/L (.0038 mg/L)	< 3.80 ug/L (.0038 mg/L)
Hooleinaiwa	Heptachlor	.52 mg/L	N/A	< .43 ug/L (.00043 mg/L)
Kamooalii			< .43 ug/L (.00043 mg/L)	< .43 ug/L (.00043 mg/L)
Hooleinaiwa	Heptachlor Epoxide	N/A	N/A	< .29 ug/L
Kamooalii			< .29 ug/L	< .29 ug/L
Hooleinaiwa	Lindane	2.0 mg/L	N/A	< .05 ug/L (.00005 mg/L)
Kamooalii			< .05 ug/L (.00005 mg/L)	< .05 ug/L (.00005 mg/L)
Hooleinaiwa	Methoxychlor	N/A	N/A	2.70 ug/L
Kamooalii			2.70 ug/L	2.70 ug/L

ii. Test (c): Water Quality Test Results At Stream Gauging
 Stations 2657 and 2665 Compared Against USGS Results
 in 1995-1998

As noted above, the USGS performed water quality testing on the Hooleinaiwa and Kamooalii Streams at USGS stream gauging stations 2657 and 2665 during the time shortly

prior to KGP's acquisition of the Property in January 1998. The USGS test results are reflected in the report attached hereto as **Exhibit K**.

The May 2006 test results performed at USGS Stations 2657 and 2665 indicate that the water quality levels in the Hooleinaiwa and Kamooalii Streams at said locations have either improved or remained consistent with the water quality levels recorded in the same location in the streams between 1996 -1998. This further reflects the fact that KGP's activities since its acquisition of the Property in 1998 have not adversely impacted water quality levels in the Kamooalii and Hooleinaiwa Streams.

Specifically, between 1996-1998, the USGS conducted water quality testing for Nitrate/Nitrite, Dissolved Oxygen, and pH#. In each case, the test results from May 2006 were either consistent with or improved over the results from the USGS testing between 1996-1998.

The following table summarizes the May 2006 test results at (or very near) the old USGS Stations 2657 and 2665, and compares the results against the mean of the USGS testing results taken by the USGS between 1996-1998:

Stream	Test Type	Legal Standard (if any)	Mean USGS Test Results From 1996-1998 (ug/L)	May 2006 Test Results (ug/L)
Hooleinaiwa (Station 2665)	Nitrogen (Nitrate + Nitrite)	170 ug/L (.17 mg/L)	.133 mg/L (133 ug/L)	.03 mg/L (30 ug/L)
Kamooalii (Station 2657)			.4 mg/L (404 ug/L)	.14 mg/L (140 ug/L)
Hooleinaiwa (Station 2665)	Oxygen (Dissolved)	N/A	7.34 ug/L	6.80 mg/L
Kamooalii (Station 2657)			7.66 ug/L	6.70 mg/L
Hooleinaiwa (Station 2665)	pH #	5.5 > 8.0 pH units	6.86 p/H units	7.00 p/H units
Kamooalii (Station 2657)			6.9 p/H units	6.30 p/H units

c. AGC Has Certified That Its Mitigating Measures And Maintenance Standards Fully Comply With The Permit Conditions

As discussed above, the mitigating measures required under the CDUP concerned (i) the use of slow release nitrogen fertilizers, and (ii) pesticide use limited to those which provide the most effective control of turf pests under Hawaii conditions with the least environmental hazard.

AGC has certified that its practices with regard to fertilizer and pesticide use fully comply with these Permit standards. As part of its standard golf course management practices, AGC has done the following:

- AGC implements and monitors an annual fertilizer, herbicide, pesticide and fungicide plan, which requires, among other things, application of all fertilizers, herbicides, pesticides and fungicides in accordance with all laws, rules and regulations and in accordance with all manufacturer's instructions and recommendations. Attached as **Exhibit L** is AGC's 2006 fertilizer, herbicide, pesticide and fungicide plan and as **Exhibit M-1**, **Exhibit M-2** and **Exhibit M-3**, respectively, AGC's 2003, 2004 and 2005 fertilizer, herbicide, pesticide and fungicide monitoring reports.
- AGC had a soil test performed by the College of Tropical Agriculture & Human Resources of the University of Hawaii at Manoa on August 30, 2005 (sample taken on July 1, 2005), to determine the effects of its fertilization on the golf course turfgrass. Copies of the test results are attached as **Exhibit N**, which results do not indicate any over-fertilization issues.
- On January 10, 2006, the State of Hawaii Department of Agriculture performed an inspection of the Koolau Golf Course to determine whether the pesticides used were in compliance with the Hawaii Pesticides Law (Chapter 149A, HRS). A copy of the inspection report is attached as **Exhibit O**, which report indicates no suspected violations of said law.
- To improve the quality of runoff downstream, AGC has from time to time performed various drainage improvements within the Golf Course, such as constructing/improving holding or settling basins to retain the runoff before it drains into the streams.

AGC's above practices with regard to pesticide, herbicide, and fertilizer use are compliant with the Permit's mitigating measure requirements.

d. AGC Has Certified That Its Environmental Practices Comply With The State Department of Health's Environmental Guidelines For Golf Courses

In addition to complying with the Permit's pesticide and fertilizer restrictions, AGC has also certified that its environmental practices in managing the Golf Course since 1998 have complied with the environmental rules and regulations applicable to golf course management in Hawaii, including but not limited to the recommended practices contained in the DOH Guidelines and the mitigating measures contained in the CDUP concerning pesticide and fertilizer use. A copy of the AGC compliance letter, dated May 2, 2006, is attached hereto as **Exhibit P**.

The DOH Guidelines set forth recommended practices for golf courses in Hawaii regarding groundwater, soil water, and surface water monitoring plans, fertilizers and pesticide use, noise and dust maintenance, solid waste management, and chemical handling. A copy of the 1996 and 2002 DOH Guidelines are attached hereto as **Exhibit Q**. Likewise, as discussed above, the CDUP sets forth, among other things, mitigating environmental measures with regard to fertilizer and pesticide use.

AGC's certification of compliance with the DOH Guidelines and CDUP mitigating measures further supports the conclusion that KGP's activities have not adversely impacted nearby streams and environment, given the logical presumption that compliance with all legal and administrative mandates and recommended environmental practices ensures adequate protection of the surrounding environment.

3. Condition 3 – Streamflow

The final remaining environmental condition required that KGP conduct stream flow tests within one (1) year of its purchase of the Property and that it schedule the pumping of its irrigation wells to reduce impact on stream flows:

Within one (1) year after the foreclosure sale of the Property, the purchaser shall conduct a test of the impacts on stream flows caused by the irrigation well, and will schedule pumping of its irrigation well at times that will minimize its impact on stream flows. See Declaration, Paragraph 13 and Amendment, Paragraph 13.

While we are not aware of any stream flow tests done by AGC to date, KGP is not aware of any adverse impact on stream flows caused by AGC's pumping of the irrigation wells. KGP believes the stream flows on the Property have been consistent (based on time of year and weather conditions) throughout KGP's ownership of the Property. It is also unclear how stream flows in the Hooleinaiwa and Kamooalii Streams, which are believed to be sourced primarily if not exclusively by the consistent heavy precipitation in the area, are necessarily vulnerable to pumping from wells drawing from underground aquifers. In fact, the Hooleinaiwa stream only flows during periods of high rainfall and is often dry during much of the year.

Notwithstanding the above, due to the substantial amount of rainfall on the Property throughout the year, pumping of the irrigation wells has been relatively minimal in any event. Monthly water use reports for water drawn from KGP's irrigation wells have been regularly submitted by AGC to the Commission on Water Resource Management as required under KGP's Water Use Permit (WUP No. 748) regarding Well Nos. 2347-02 & 03. KGP's

water use has been in accordance with said permit allowances, copies of the reports for which can be provided upon request.

In sum, it is unlikely that AGC's minimal water use from the irrigation wells has had any adverse effect on stream flows, regardless of whether the streams are reliant on groundwater recharge. Moreover, we believe that considering (a) the Property's relative minimal irrigation needs, (b) significant development in the area downstream from the Property since the time the Permit was issued, and (c) water consumption restrictions already imposed pursuant to existing water use permits, any ongoing stream flow monitoring obligations appear unnecessary and are ultimately impracticable under the circumstances. KGP therefore respectfully requests that the stream flow monitoring obligations be released as an ongoing condition under the CDUP.

SUMMARY

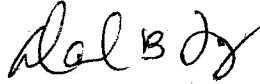
The three (3) existing Permit conditions at issue concern the landowner's (a) payment obligations to the Foundation, (b) water quality testing and mitigating environmental measures, and (c) stream flow monitoring. As outlined above, KGP believes that it has complied with each of the three permit obligations as follows:

1. KGP's payment obligations to the Foundation have been resolved and are current through the date hereof;
2. Current water quality testing from locations directly above, below and downstream from the Property indicate that water quality levels in the Kamooalii and Hooleinaiwa Streams are well below the acceptable legal thresholds and are otherwise below levels recorded prior to KGP's acquisition of the Property in 1998. The test results ultimately mitigate any inadvertent failure to conduct periodic water quality tests. Additionally, records indicate that AGC's use of fertilizers and pesticides comply with the applicable legal requirements. AGC has further certified its compliance with the environmental rules and regulations applicable to golf course management in Hawaii, including but not limited to the recommended practices contained in the DOH Guidelines and the mitigating measures contained in the CDUP concerning pesticide and fertilizer use, all of which further reflects the fact that KGP's activities have not adversely impacted water quality in the Kamooalii and Hooleinaiwa Streams; and
3. KGP's activities have had little or no effect on stream flows given the substantial amount of rainfall on the Property throughout the year, which has resulted in relatively minimal water use from its irrigation wells and water use levels which have otherwise been within the legal limits prescribed under KGP's water use permit.

Mr. Samuel J. Lemmo
Department of Land and Natural Resources
June 13, 2006
Page 13

KGP appreciates your prompt consideration of this matter. Should have any questions, please do not hesitate to contact me directly.

Very truly yours,



DAVID B. TONGG
for
KOBAYASHI, SUGITA & GODA

DBT/JWS (399081.05)

Enclosures: Exhibit A - CDUP
Exhibit B - Declaration
Exhibit C - Amendment
Exhibit D - Foundation Agreement
Exhibit E - USGS Gauging Station Map
Exhibit F - HAR Section 11-54-5.2
Exhibit G - Inalab Test Results (November 2005)
Exhibit H - Maps of Testing Locations
Exhibit I - Inalab Test Results (January-February 2006)
Exhibit J - Inalab Test Results (May 2006)
Exhibit K - USGS Test Results
Exhibit L - AGC's 2006 Fertilizer, etc. Plan
Exhibit M-1 - AGC's 2003 Fertilizer, etc. Plan
Exhibit M-2 - AGC's 2004 Fertilizer, etc. Plan
Exhibit M-3 - AGC's 2005 Fertilizer, etc. Plan
Exhibit N - Soil Test Results
Exhibit O - Pesticides Inspection Report
Exhibit P - AGC Compliance Letter
Exhibit Q - 1996 and 2002 DOH Guidelines

ENVIRONMENTAL COMPLIANCE PROTOCOL

**Ko'olau Golf Club
45-550 Kionaole Road
Kaneohe, Hawaii**

1.0 INTRODUCTION

BA Environmental is pleased to submit this Environmental Compliance Protocol for the Ko'olau Golf Club. This protocol summarizes proposed procedures for the Ko'olau Golf Club.

2.0 BACKGROUND

The Ko'olau Golf Club is located in Kaneohe, Oahu, in the Kaneohe Forest Reserve, at the foot of the Ko'olau Range. The site is bordered to the south and west by the Ko'olau Range, to the north by the Hoomaluhia Park, and to the east by the Pali Golf Course. The subject site consists of approximately 210 acres, of which approximately 180 acres are greens, fairways and tees. The remainder of the subject site is undeveloped and covered with local vegetation. Two major streams have been identified to flow across the subject site, the Kamooalii stream and the Hooleinaiwa stream. The Kamooalii stream is located in the eastern portion of the subject site and flows year round. The Hooleinaiwa stream is located in the western portion of the subject property and flows only during periods of heavy rainfall. The Hooleinaiwa stream joins the Kamooalii stream approximately 0.53 miles north of the subject site. From there the Kamooalii stream flows into the Loko Waimaluhia Reservoir, located in Hoomaluhia Park. From the Loko Waimaluhia Reservoir, the Kamooalii stream flows into Kaneohe Bay. Both Hoomaluhia Park and Kaneohe Bay are environmentally sensitive areas. Because of these environmentally sensitive areas, as part of their Land Use Permit, the State of Hawaii, Department of Land and Natural Resources (DLNR) is requiring that the Ko'olau Golf Club monitor the two surface streams flowing across the subject property for various pesticides and fertilizers which may be used on the subject property. This protocol outlines a proposed annual sampling program and other procedures to meet requirements of the State of Hawaii DLNR and the Land Use Permit.

3.0 OBJECTIVE AND PROPOSED SCOPE OF SERVICE

The purpose of the protocol will be to assess surface runoff flowing into the two on-site streams and then into the Loko Waimaluhia Reservoir and Kaneohe Bay, for pesticides, herbicides and fertilizers which may be used on the subject site. BA Environmental proposes to collect surface water samples from Kamooalii stream, immediate to its entering and leaving the subject property. The up-gradient sample will be used as a background sample to compare with the results of the down-gradient sample. Since the Hooleinaiwa stream only flows during periods of high rainfall, water samples will not be collected from this stream.

For the purpose of establishing the scope, the assumed work will be as follows:

- a. Submit the Environmental Compliance Protocol to the State of Hawaii DLNR for agency approval;

- b. Annually review the Ko'olau Golf Club's records to confirm that they use only slow nitrogen releasing fertilizers, and that they limit their use of pesticides and herbicides on-site, and that they follow all manufactures' labels and state regulations;
- c. Measure temperature, dissolved oxygen (DO) content, dissolved carbon dioxide (DCO₂) content, pH and turbidity of the stream at the two sample points utilizing hand held instruments;
- d. Collect one surface water sample up-gradient and one surface water sample down-gradient of the subject site;
- e. Submit two water samples to a certified laboratory to be analyzed for nitrates, nitrites, phosphorus, organochlorine pesticides (OCPs), organophosphorus pesticides (OPPs), chlorinated herbicides (CHs) and pH, using EPA Method No. 353.2 (nitrate), 354.1 (nitrite), 365.1 (phosphorus), 608 (OCP), 614 (OPP), 615 (CH), and 150.1 (pH).
- f. Prepare a report of findings for the subject property, including the locations where samples were taken, number of samples collected, results of each sample analyzed, and the conclusions based on the analysis of these samples. The report will provide an opinion regarding the potential for environmental contamination of the site with recommendations.

4.0 ANNUAL FERTILIZER AND PESTICIDE PROCEDURES AND USAGE REVIEW

Annually review Ko'olau Golf Club's records to confirm that they use only slow nitrogen releasing fertilizers, and that they limit their use of pesticides and herbicides on-site. Confirm that all pesticides, herbicides and fertilizers used on site are used following all manufactures' labels and state regulations. Confirm that there are no current violations regarding pesticide usage. Confirm that all personnel using pesticides, herbicides and fertilizers are trained in their use. Review records and interview key personnel to confirm types of pesticides used and the frequency of their use. Pesticide and fertilizer storage areas should be inspected to visually confirm that no other pesticides, herbicides or fertilizers are being used on-site, except those which have been approved.

5.0 ANNUAL STREAMWATER SAMPLING ACTIVITIES

Water samples will be collected from the Kamooalii stream immediately up-gradient and down-gradient of the subject site. Prior to the collection of the water samples, water quality measurements including temperature, DO content, DCO₂ content, pH and turbidity will be collected using a hand held meter. Subsequent to the collection of these measurements, a water sample will be collected from each of the sample locations. Samples will be collected by filling laboratory supplies containers at each sample location. The sample containers will be completely filled to eliminate any headspace. Following collection of the samples, the vials will be labeled with the sample number, collection date and project number, placed into a cooler chilled to approximately 4° C (40° F), and retained for laboratory analysis.

6.0 QUALITY ASSURANCE/QUALITY CONTROL

To increase the confidence levels in the data obtained and minimize the likelihood that judgments will be made from potentially erroneous data, a quality assurance/quality control (QA/QC) program will be implemented.

The program includes formal procedures for sampling, decontamination, instrument calibration, documentation of field activities and calculations, and peer review. Routine QC procedures will be performed by the laboratory, and will include daily calibration of instruments, percent surrogate recoveries, and analyses of matrix spikes and matrix spike duplicates. The laboratory reported results will be within acceptable percent error with no results exceeding the laboratory-established control limits.

7.0 DECONTAMINATION

The sampling equipment will be decontaminated between sampling intervals, using a bristle brush, with a trisodium phosphate (TSP) solution; this will be followed by two tapwater rinses. The sampler will be dried by air prior to use. Water samples will be collected in clean, new, laboratory-supplied sample containers.

8.0 CHEMICAL ANALYSIS

Water samples will be submitted to a certified laboratory for analysis of nitrates, nitrites, phosphorus, OCPs, OPPs, CHs and pH, using EPA Method No. 353.2 (nitrate), 354.1 (nitrite), 365.1 (phosphorus), 608 (OCP), 614 (OPP), 615 (CH), and 150.1 (pH).

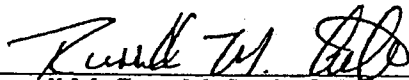
9.0 SCHEDULE

Following the approval of this protocol by the State of Hawaii DLNR, water sampling should be conducted annually at the subject site, for as long as any pesticides or fertilizers are used on-site. The sampling should take place at the same time every year so that sampling conditions are similar and data is comparable.

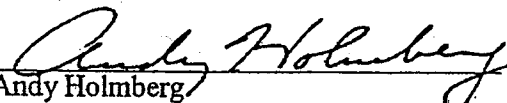
10.0 REPORT AUTHORS

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November 23, 2005

File No.: 105234

Mr. Don Parker
First Presbyterian Church
3864 Owena Street
Honolulu, Hawaii 96815

Reference: Ko'olau Golf Club
45-550 Kionaole Road
Kaneohe, Hawaii

Subject: Letter Report
Limited Streamwater Sampling

Dear Mr. Parker:

BA Environmental is pleased to submit this Limited Streamwater Sampling letter report, regarding the above-referenced property, to First Presbyterian Church.. The sampling was performed in general accordance with the scope of service outlined in BA Environmental's proposal and contract dated September 6, 2005.

LIMITED SURFACE STREAMWATER SAMPLING

Background

The Ko'olau Golf Club is located in Kaneohe, Oahu, in the Kaneohe Forest Reserve, at the foot of the Ko'olau Range. The site is bordered to the south and west by the Ko'olau Range, to the north by the Hoomaluhia Park, and to the east by the Pali Golf Course. The subject site consists of approximately 240 acres, of which approximately 180 acres are greens, fairways and tees. The remainder of the subject site is undeveloped and covered with local vegetation. Two major streams have been identified to flow across the subject site, the Kamooalii stream and the Hooleinaiwa stream. The Kamooalii stream is located in the eastern portion of the subject site and flows year round. The Hooleinaiwa stream is located in the western portion of the subject property and flows only during periods of heavy rainfall. The Hooleinaiwa stream joins the Kamooalii stream approximately 0.53 miles north of the subject site. From there the Kamooalii stream flows into the Loko Waimaluhia Reservoir, located in Hoomaluhia Park. From the Loko Waimaluhia Reservoir, the Kamooalii stream flows into Kaneohe Bay. Both Hoomaluhia Park and Kaneohe Bay are environmentally sensitive areas. Because of these environmentally sensitive areas, as part of their Land Use Permit, the State of Hawaii, Department of Land and Natural Resources (DLNR) is requiring that the Ko'olau Golf Club monitor the two surface streams flowing across the subject property for various pesticides and fertilizers

which may be used on the subject property. BA environmental collected surface water samples from the Kamooalii stream to assess the stream for potential pesticide and fertilizer contamination.

Objective and Proposed Scope of Service

The purpose of the streamwater sampling was to assess surface runoff flowing into the Kamooalii stream for potential pesticides, herbicides and fertilizers which may be used on the subject site. BA Environmental proposed to collect surface water samples from Kamooalii stream, immediate to its leaving the subject property. Since the Hooleinaiwa stream only flows during periods of high rainfall and was dry at the time of the site visit, water samples were not be collected from this stream.

For the purpose of establishing the scope, the assumed work will be as follows:

- a. Collect one surface water sample down-gradient of the subject site;
- b. Submit one water sample to a certified laboratory to be analyzed for nitrates, nitrites, phosphorus, organochlorine pesticides (OCPs), organophosphorus pesticides (OPPs), chlorinated herbicides (CHs) and pH, using EPA Method No. 353.2 (nitrate), 353.2 (nitrite), 8018A (OCP), 8151A (OPP), 615 (CH) and pH (150.1).
- c. Prepare a report of findings for the subject property, including the locations where samples were collected, number of samples collected, results of each sample analyzed, and the conclusions based on the analysis of these samples. The report will provide an opinion regarding the potential for environmental contamination of the site with recommendations.

Annual Streamwater Sampling Activities

Water samples were collected from the Kamooalii stream immediately down-gradient of the subject site. Water samples were collected by filling laboratory supplies containers at the sample location. The sample containers were completely filled to eliminate any headspace. Following collection of the samples, the vials were labeled with the sample number, collection date and project number, placed into a cooler chilled to approximately 4° C (40° F), and retained for laboratory analysis.

Quality Assurance/Quality Control

To increase the confidence levels in the data obtained and minimize the likelihood that judgments were made from potentially erroneous data, a quality assurance/quality control (QA/QC) program will be implemented.

The program includes formal procedures for sampling, decontamination, instrument calibration, documentation of field activities and calculations, and peer review. Routine QC procedures were performed by the laboratory, and included daily calibration of instruments, percent surrogate recoveries, and analyses of matrix spikes and matrix spike

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November 23, 2005
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duplicates. The laboratory-reported results were within acceptable percent error with no results exceeding the laboratory-established control limits.

Decontamination

The sampling equipment was decontaminated between sampling intervals, using a bristle brush, with a trisodium phosphate (TSP) solution; this will be followed by two tapwater rinses. The sampler was dried by air prior to use. Water samples were collected in clean, new, laboratory-supplied sample containers.

Chemical Analysis

Water samples were submitted to Inalab, Inc. of Honolulu, Hawaii, a certified laboratory for analysis of nitrates, nitrites, phosphorus, OCPs, OPPs, CHs and pH, using EPA Method No. 353.2 (nitrate), 353.2 (nitrite), 8081A (OCP), 8151A (OPP), 8151A (CH) and pH (150.1).

Analytical Results

In summary, the water collected from the Kamooalii stream was reported not to contain detectable concentrations of OCPs, OPPs and CHs. The pH of the sample was reported to be 6.8, which is in the normal range of pH. The sample was reported to contain nitrate/nitrite concentrations of 0.04 mg/l. This concentration is low and considered to be natural background concentration. A copy of the laboratory report is provided as an attachment.

Recommendations

Based on the results of the limited surface water sampling there appears to be no pesticide contamination from the subject property in the Kamooalii stream. In addition, it appears that the nitrate/nitrite concentrations in the stream are background levels only (naturally occurring). BA Environmental recommends that an environmental compliance protocol be prepared and implemented for the subject property.

If you have questions regarding this project or report, please contact us at (818) 500-1898.

Respectfully submitted,
BA ENVIRONMENTAL



Russell M. Cote, M.Sc., P.G. No. 7139
Manager, Environmental Services